

Chapter 1: Overview

Chapter Overview

This chapter provides information about:

- The DRS Employer Handbook
- The Washington State retirement systems
- The Department of Retirement Systems
- The employer community

The DRS Employer Handbook

The Department of Retirement Systems has created this handbook as a vehicle to provide current and accurate information to the employer community about retirement reporting.

Organization of the Handbook

The handbook contains 14 chapters, with information presented by subject area. Each chapter includes a detailed table of contents and a brief summary of the information in the chapter. The chapters are listed below.

Chapter 1	—	Overview
Chapter 2	—	Membership
Chapter 3	—	Service Credit
Chapter 4	—	Reportable Compensation
Chapter 5	—	Special Conditions
Chapter 6	—	Contributions
Chapter 7	—	Transmittal Codes
Chapter 8	—	Transmittal Reporting
Chapter 9	—	Transmittal Edit Reports
Chapter 10	—	Account Activity
Chapter 11	—	Deferred Compensation
Chapter 12	—	Forms
Chapter 13	—	References
Chapter 14	—	DRS Notices

Reference materials are at the back of the handbook. These materials include a glossary of DRS terms, a DRS telephone list and other resource information. Tabs are provided for each chapter and for the reference materials. A special tab is provided for DRS Notices to be stored in the handbook.

Color-Coding of the Handbook Pages

Most chapters contain information that is common to all employers. Chapters 2, 3 and 4 provide information that applies to specific retirement systems. Color-coded pages help identify this system-specific information. The following color-coding is used:

—White pages	General information (applies to all)
—Green pages	PERS information
—Pink pages	SERS information
—Purple pages	TRS information
—Blue pages	LEOFF information
—Grey pages	WSPRS information
—Buff pages	JRS information

Page numbers on these colored pages include a suffix to indicate that the information applies only to a specific system. For example, a green page with the page number “3—7 PERS” contains information from Chapter 3 that applies to PERS employers. A white page with the page number “6—5” contains information from Chapter 6 that applies to all employers.

Use of the Handbook

The *DRS Employer Handbook* is your resource for information about DRS and retirement system reporting. If you need additional information or information about topics not covered in this handbook, please call DRS for assistance.

The Washington State Retirement Systems

Over the years, the Washington State Legislature has passed legislation to provide retirement coverage to state employees, city and county employees, teachers, classified employees of educational institutions, state patrol officers, law enforcement officers, fire fighters and others. This retirement coverage is provided by seven separate retirement systems administered by DRS. Three of these retirement systems have two retirement plans. Two retirement systems have three retirement plans.

The retirement systems and plans and the applicable laws contained in the Revised Code of Washington (RCW) are:

- Public Employees' Retirement System (PERS) Plan 1 and Plan 2 (Chapter 41.40 RCW)
- Public Employees' Retirement System (PERS) Plan 3 (Chapter 41.34 RCW)
- School Employees' Retirement System (SERS) Plan 2 (Chapter 41.35 RCW)
- School Employees' Retirement System (SERS) Plan 3 (Chapter 41.35 RCW and Chapter RCW 41.34)
- Teachers' Retirement System (TRS) Plan 1 and Plan 2 (Chapter 41.32 RCW)
- Teachers' Retirement System (TRS) Plan 3 (Chapter 41.32 RCW and Chapter 41.34 RCW)
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 and Plan 2 (Chapter 41.26 RCW)
- Washington State Patrol Retirement System (WSPRS) (Chapter 43.43 RCW)
- Judges' Retirement Fund (JRF) (Chapter 2.12 RCW)
- Judicial Retirement System (JRS) (Chapter 2.10 RCW)

The following pages summarize the main provisions of each of these retirement systems. This summary highlights the important distinctions between the systems but does not provide a complete description of each system's rules.

Member benefits are explained in member handbooks published by DRS. Handbooks are available for PERS, SERS, TRS, LEOFF, WSPRS and JRS members. For copies of these handbooks, please contact DRS Office

Services. The handbooks and DRS brochures on specific topics may also be viewed at the DRS Web site at <http://www.wa.gov/DRS/employer>.

The Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established by the Legislature in 1947. PERS Plan 1 was capped and individuals hired in eligible positions on or after October 1, 1977, become members of PERS Plan 2. On March 1, 2002, PERS Plan 3, Phase 1, was initiated, followed by Phase 2 on September 1, 2002. Plan 3 is optional and new members must choose either Plan 2 or Plan 3 within 90 days. PERS is the largest retirement system administered by DRS.

Members who have completed five years of eligible service are able to receive a retirement allowance when qualified for retirement. System members include: elected officials; state employees; elected or appointed judges of the Supreme, Appeals and Superior Courts (other than judges currently in JRS); employees of legislative committees; certain employees of community colleges, technical colleges, and universities; judges of district and municipal courts; noncertificated employees of school districts; employees of local government and other eligible employees.

Plan 1 members are eligible to retire at any age with 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service. Plan 1 provides disability and survivor benefits.

Plan 2 members can retire at age 65 with five years of service or at age 55 with 20 years of service. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 2 provides disability and survivor benefits.

Plan 3 members have a two-component benefit structure: a defined benefit component and a defined contribution component. Members are eligible for the defined benefit component at age 65 if they have:

- ten service credit years; or
- five service credit years, including 12 service credit months after attaining age 54; or
- five service credit years by September 1, 2000, under Plan 2 and transferred to Plan 3.

Members are also eligible for the defined benefit component at or after age 55 if they have at least ten service credit years. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 3 provides disability and survivor benefits. Members who separate from employment, at or before the defined benefit eligibility date, have

immediate access to the defined contribution component.

The School Employees' Retirement System (SERS)

The School Employees Retirement System (SERS) has two retirement plans that became effective September 1, 2000. Classified employees of school districts and educational service districts, who are members of the Public Employees' Retirement System (PERS) Plan 2, will automatically become members of SERS Plan 2. Eligible members will then have an option to transfer to SERS Plan 3.

SERS was established by the Legislature in 1998. Plan 2 was capped and individuals hired in eligible positions on or after September 1, 2000, become members of Plan 3. An individual establishes membership in the system by being employed as a classified employee of a school district or an educational service district.

The plans were established by the Legislature as follows:

- Plan 2—October 1, 1977
- Plan 3—September 1, 2000

Plan 2 members can retire at age 65 with five years of service or at age 55 with 20 years of service. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 2 provides disability and survivor benefits.

Plan 3 members have a two-component benefit structure: a defined benefit component and a defined contribution component. Members are eligible for the defined benefit component at age 65 if they have:

- ten service credit years; or
- five service credit years, including 12 service credit months after attaining age 54; or
- five service credit years by September 1, 2000, under Plan 2 and transferred to Plan 3.

Members are also eligible for the defined benefit component at or after age 55 if they have at least ten service credit years. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 3 provides disability and survivor benefits. Members who separate from employment, at or before the defined benefit eligibility date, have immediate access to the defined contribution component.

The Teachers' Retirement System (TRS)

The Teacher's Retirement System (TRS) has three retirement plans. TRS was established by the Legislature in 1938. TRS Plan 1 was capped and individuals hired in eligible positions from October 1, 1977, through June 30, 1996, became members of TRS Plan 2. TRS Plan 2 was capped and individuals hired in eligible positions on or after July 1, 1996, become members of TRS Plan 3. An individual establishes membership in the system by being employed as a teacher in the public schools. "Teacher" means any person who is qualified to teach and who is employed by a public school as an instructor, administrator or supervisor. "Teacher" includes:

- state, school district and educational service district superintendents and their assistants;
- state, school district and educational service district employees who are certificated by the Washington Superintendent of Public Instruction; and
- any full-time school doctor who is employed by a public school and who renders instructional or educational services.

The plans were established by the Legislature as follows:

- Plan 1—1938
- Plan 2—October 1, 1977
- Plan 3—July 1, 1996

Plan 1 members are eligible to retire at any age with 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service. Plan 1 provides temporary disability benefits, disability retirement benefits and survivor benefits.

Plan 2 members can retire at age 65 with five years of service or at age 55 with 20 years of service. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 2 provides disability and survivor benefits.

Plan 3 members have a two-component benefit structure: a defined benefit component and a defined contribution component. Members are eligible for the defined benefit component at age 65 if they have:

- ten service credit years; or
- five service credit years, including 12 service credit months after attaining age 54; or

- five service credit years by July 1, 1996, under Plan 2 and transferred to Plan 3.

Members are also eligible for the defined benefit component at or after age 55 if they have at least ten service credit years. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 3 provides disability and survivor benefits. Members who separate from employment, at or before the defined benefit eligibility date, have immediate access to the defined contribution component.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 was established by the Legislature in 1970. LEOFF Plan 1 was capped and eligible employees hired on or after October 1, 1977, become members of Plan 2.

Membership includes full-time, fully compensated law enforcement officers and fire fighters. Members who have completed five years of eligible service can receive a retirement allowance when qualified for retirement.

Plan 1 members are eligible to retire at age 50, provided they have at least five years of service. Plan 1 provides disability benefits, survivor benefits and medical benefits.

Plan 2 members are eligible to retire at age 53 with five years of service, or at age 50 with 20 years of service. Retirement benefits for members who retire before age 53 are actuarially reduced. Plan 2 provides disability and survivor benefits.

The Washington State Patrol Retirement System (WSPRS)

The Washington State Patrol Retirement System (WSPRS) was created by the Legislature in 1947. WSPRS provides retirement coverage to commissioned employees in the Washington State Patrol. Members are eligible to retire at any age with 25 or more years of service credit or at age 55 with no minimum required service credit. Members who are not in service (inactive) and under age 60 must have at least five years of service credit to be eligible for retirement. WSPRS provides survivor benefits to a member's spouse and children.

The Judges' Retirement Fund (JRF)

The Judges' Retirement Fund (JRF) was created by the Legislature in 1937 for judges appointed or elected to the Supreme Court, the Superior

Court or the Court of Appeals. When legislation created the Judicial Retirement System (JRS) on August 9, 1971, judges elected or appointed to office after that date were required to join JRS.

Members are eligible to receive a full retirement allowance at age 70 with ten years of credited service or at any age with 18 years of credited service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge. JRS provides disability and survivor benefits.

The Judicial Retirement System (JRS)

The Judicial Retirement System (JRS) was created in 1971 for judges elected or appointed to the Supreme Court, the Superior Court, or the Court of Appeals. The system was capped on July 1, 1988. At that time, current members were given an option to remain in JRS or transfer membership to PERS. Judges appointed or elected to office on or after July 1, 1988, may elect to join PERS if they meet eligibility requirements.

Members are eligible to receive a retirement benefit at age 60 with 15 years of credited service if service ends voluntarily. If service ends involuntarily, members are eligible to receive a retirement benefit after 12 years of service provided the member retires at least 15 years after beginning judicial service. JRS provides disability and survivor benefits to members.

The Department of Retirement Systems

Creation of DRS

The six Washington State retirement systems originally were housed in separate facilities and administered by separate boards. In 1976, to consolidate operations and to improve the overall administration of retirement system activities, the individual systems were brought together into a single agency—the Washington State Department of Retirement Systems. In 1996, the Legislature brought the Committee for Deferred Compensation under the administration of DRS. A director is appointed by the Governor to oversee the operation of DRS.

Duties of DRS

DRS administers the state retirement systems and the Deferred Compensation Program (DCP) in accordance with laws established by the Washington State Legislature. DRS is responsible for the record keeping, accounting and reporting of member accounts for the Judicial Retirement Account (JRA) which was established by the Legislature in 1988 for

judges elected or appointed to the Supreme Court, the Superior Court or the Court of Appeals. JRA is a supplement to the PERS retirement system. Judges that elect to join PERS are automatically enrolled in JRA.

DRS maintains a history of each member's retirement information from the date of entry into the system until his or her death, or in some instances, until the death of his or her beneficiary. An individual record may span as many as 80 years.

Important Dates

The following list provides a summary of the important dates in the history of the Washington State retirement systems and DRS.

1937	The Judges' Retirement Fund is created.
1938	The Teachers' Retirement System is created.
1947	The Public Employees' Retirement System and the Washington State Patrol Retirement System are created.
1970	The Law Enforcement Officers' and Fire Fighters' Retirement System is created.
1971	The Judicial Retirement System is created.
1976	The Department of Retirement Systems is created to administer the state's retirement systems. The Office of the State Actuary is created to provide pension cost estimates.
1977	Plan 2 for PERS, TRS and LEOFF is established.
1981	The State Investment Board is created to handle the investment of all state trust funds.
1987	The Joint Committee on Pension Policy is created.
1988	The Judicial Retirement Account is created.
1989	Pension Funding Reform is enacted requiring the full funding of pension benefit obligations and the adoption into law of actuarially established contribution rates.
1996	The administration of the Deferred Compensation is transferred to DRS.
1996	The Employee Retirement Benefits Board (ERBB) is established.
1996	Teachers' Plan 3 is established.
2000	School Employees' Retirement System is established.
2002	Public Employees' Retirement System Plan 3 is established.

The Employer Community

The employers who report retirement information to the Department of Retirement Systems are:

- State agencies
- School districts
- Educational service districts
- Community and technical colleges
- Universities
- Cities and towns
- Counties
- Fire protection districts
- Public health agencies
- Emergency service districts
- Housing authorities
- Irrigation and water districts
- Mosquito districts
- Weed control districts
- Libraries and library districts
- Port authorities
- Commodity commissions
- Public utility districts
- Sewer districts
- Transit authorities
- Other nonfederal, government entities

The ability of DRS to provide services to retirement system members depends upon the assistance and cooperation of employers. By providing timely and accurate transmittal information, employers ensure that DRS can maintain current and reliable member information. By submitting prompt and correct payments, employers ensure that DRS can meet its financial obligations to retirement system members.

DRS and the employer community form a vital partnership. Through the continued assistance, cooperation and dedication of the many individuals who make up this community, DRS is able to fulfill its mission.